



Proposed Constitutional Amendments

To be voted on at the November 2, 2010 Election

Full text of Amendment [Proposed new language is underlined. Existing language that is deleted is shown as stricken (~~stricken~~)]

1 Article X, Taxation and Finance. *Section 6, Exempt Property*

BALLOT QUESTION

Question: *Shall Section 6 of Article X of the Constitution of Virginia be amended to authorize legislation that will permit localities to establish their own income or financial worth limitations for purposes of granting property tax relief for homeowners not less than 65 years of age or permanently and totally disabled?*

EXPLANATION

Present Law
Under the Constitution, the General Assembly may give localities the power to grant full or partial exemptions from real estate taxes to persons 65 years of age or older or for persons permanently and totally disabled. The exemption applies to owner-occupied property used as the sole dwelling of such persons. The exemption is currently available only to such persons who bear “an extraordinary tax burden” in relation to their income and financial worth.

Proposed Amendment
The proposed amendment (i) removes the requirement that tax exemptions are available only to such persons who bear “an extraordinary tax burden,” and (ii) gives the General Assembly authority to permit localities to determine their own income or financial worth limitations for tax exemptions for persons 65 years of age or older or for persons permanently and totally disabled.

Amend Section 6 of Article X of the Constitution of Virginia as follows:

Article X–Taxation and Finance *Section 6, Exempt Property*

(a) Except as otherwise provided in this Constitution, the following property and no other shall be exempt from taxation, State and local, including inheritance taxes:

(1) Property owned directly or indirectly by the Commonwealth or any political subdivision thereof, and obligations of the Commonwealth or any political subdivision thereof exempt by law.

(2) Real estate and personal property owned and exclusively occupied or used by churches or religious bodies for religious worship or for the residences of their ministers.

(3) Private or public burying grounds or cemeteries, provided the same are not operated for profit.

(4) Property owned by public libraries or by institutions of learning not conducted for profit, so long as such property is primarily used for literary, scientific, or educational purposes or purposes incidental thereto. This provision may also apply to leasehold interests in such property as may be provided by general law.

(5) Intangible personal property, or any class or classes thereof, as may be exempted in whole or in part by general law.

(6) Property used by its owner for religious, charitable, patriotic, historical, benevolent, cultural, or public park and playground purposes, as may be provided by classification or designation by an ordinance adopted by the local governing body and subject to such restrictions and conditions as provided by general law.

(7) Land subject to a perpetual easement permitting inundation by water as may be exempted in whole or in part by general law.

(b) The General Assembly may by general law authorize the governing body of any county, city, town, or regional government to provide for the exemption from local property taxation, or a portion thereof, within such restrictions and upon such conditions as may be prescribed, of real estate and personal property designed for continuous habitation owned by, and occupied as the sole dwelling of, persons not less than sixty-five years of age or persons permanently and totally disabled as established by general law ~~who are deemed by the General Assembly to be bearing an extraordinary tax burden on said property in relation to their income and financial worth. A local governing body may be authorized to establish either income or financial worth limitations, or both, in order to qualify for such relief.~~

(c) Except as to property of the Commonwealth, the General Assembly by general law may restrict or condition, in whole or in part, but not extend, any or all of the above exemptions.

(d) The General Assembly may define as a separate subject of taxation any property, including real or personal property, equipment, facilities, or devices, used primarily for the purpose of abating or preventing pollution of the atmosphere or waters of the Commonwealth or for the purpose of transferring or storing solar energy, and by general law may allow the governing body of any county, city, town, or regional government to exempt or partially exempt such property from taxation, or by general law may directly exempt or partially exempt such property from taxation.

(e) The General Assembly may define as a separate subject of taxation household goods, personal effects and tangible farm property and products, and by general law may allow the governing body of any county, city, town, or regional government to exempt or partially exempt such property from taxation, or by general law may directly exempt or partially exempt such property from taxation.

(f) Exemptions of property from taxation as established or authorized hereby shall be strictly construed; provided, however, that all property exempt from taxation on the effective date of this section shall continue to be exempt until otherwise provided by the General Assembly as herein set forth.

(g) The General Assembly may by general law authorize any county, city, town, or regional government to impose a service charge upon the owners of a class or classes of exempt property for services provided by such governments.

(h) The General Assembly may by general law authorize the governing body of any county, city, town, or regional government to provide for a partial exemption from local real property taxation, within such restrictions and upon such conditions as may be prescribed, (i) of real estate whose improvements, by virtue of age and use, have undergone substantial renovation, rehabilitation or replacement or (ii) of real estate with new structures and improvements in conservation, redevelopment, or rehabilitation areas.

(i) The General Assembly may by general law allow the governing body of any county, city, or town to exempt or partially exempt from taxation any generating equipment installed after December thirty-one, nineteen hundred seventy-four, for the purpose of converting from oil or natural gas to coal or to wood, wood bark, wood residue, or to any other alternate energy source for manufacturing, and any co-generation equipment installed since such date for use in manufacturing.

(j) The General Assembly may by general law allow the governing body of any county, city, or town to have the option to exempt or partially exempt from taxation any business, occupational or professional license or any merchants’ capital, or both.

2 Article X, Taxation and Finance. *Section 6-A, Property Tax Exemption for Certain Veterans*

BALLOT QUESTION

Question: *Shall the Constitution be amended to require the General Assembly to provide a real property tax exemption for the principal residence of a veteran, or his or her surviving spouse, if the veteran has a 100 percent service-connected, permanent, and total disability?*

EXPLANATION

Present Law
Currently, the Constitution does not grant real estate tax exemptions specifically to veterans. However, the Constitution does allow the General Assembly to give localities the power to grant full or partial exemptions from real estate taxes to persons 65 years of age or older or for persons permanently and totally disabled who “bear an extraordinary tax burden” in relation to their income and financial worth. This exemption applies to owner-occupied property used as the sole dwelling of such persons.

Proposed Amendment
The proposed amendment would require the General Assembly to pass a law exempting from local taxation the principal residence owned and occupied by any veteran with a one hundred percent service-connected, permanent, and total disability. The veteran’s surviving spouse could continue to claim the exemption so long as he or she does not remarry and continues to occupy the home as his or her principal residence.

Amend the Constitution of Virginia by adding in Article X a section numbered 6-A as follows:

Article X–Taxation and Finance *Section 6-A, Property Tax Exemption for Certain Veterans*

Notwithstanding the provisions of Section 6, the General Assembly by general law, and within the restrictions and conditions prescribed therein, shall exempt from taxation the real property, including the joint real property of husband and wife, of any veteran who has been determined by the United States Department of Veterans Affairs or its

successor agency pursuant to federal law to have a one hundred percent service-connected, permanent, and total disability, and who occupies the real property as his or her principal place of residence. The General Assembly shall also provide this exemption from taxation for real property owned by the surviving spouse of a veteran who was eligible for the exemption provided in this section, so long as the surviving spouse does not remarry and continues to occupy the real property as his or her principal place of residence.

3 Article X, Taxation and Finance. *Section 8, Limit of Tax or Revenue; Revenue Stabilization Fund*

BALLOT QUESTION

Question: *Shall Section 8 of Article X of the Constitution of Virginia be amended to increase the permissible size of the Revenue Stabilization Fund (also known as the “rainy day fund”) from 10 percent to 15 percent of the Commonwealth’s average annual tax revenues derived from income and retail sales taxes for the preceding three fiscal years?*

EXPLANATION

Present Law
The Revenue Stabilization Fund (also known as the “rainy day fund”) is used to offset shortfalls in anticipated revenues in any given year, and thus is designed to provide a cushion in the event of an economic downturn. The Constitution currently limits the Fund to 10 percent of the Commonwealth’s average annual tax revenues from income and sales taxes for the preceding three fiscal years.

Proposed Amendment
The proposed constitutional amendment increases the maximum size of the Fund from 10 percent to 15 percent of the Commonwealth’s average annual tax revenues from income and sales taxes for the preceding three fiscal years.

Amend Section 8 of Article X of the Constitution of Virginia as follows:

Article X–Taxation and Finance *Section 8. Limit of Tax or Revenue; Revenue Stabilization Fund*

No other or greater amount of tax or revenues shall, at any time, be levied than may be required for the necessary expenses of the government, or to pay the indebtedness of the Commonwealth.

The General Assembly shall establish the Revenue Stabilization Fund. The Fund shall consist of an amount not to exceed ~~ten~~ fifteen percent of the Commonwealth’s average annual tax revenues derived from taxes on income and retail sales as certified by the Auditor of Public Accounts for the three fiscal years immediately preceding. The Auditor of Public Accounts shall compute the ~~ten~~ fifteen percent limitation of such fund annually and report to the General Assembly not later than the first day of December. “Certified tax revenues” means the Commonwealth’s annual tax revenues derived from taxes on income and retail sales as certified by the Auditor of Public Accounts.

The General Assembly shall make deposits to the Fund to equal at least fifty percent of the product of the certified tax revenues collected in the most recently ended fiscal year times the difference between the annual percentage increase in the certified tax revenues collected for the most recently ended fiscal year and the average annual percentage increase in the certified tax revenues collected in the six fiscal years immediately preceding the most recently ended fiscal year. However, growth in certified tax revenues, which is the result of either increases in tax rates on income or retail sales or the repeal of exemptions therefrom, may be excluded, in whole or in part, from the computation immediately preceding for a period of time not to exceed six calendar years from the calendar year in which such tax rate increase or exemption repeal was effective. Additional appropriations may be made at any time so long as the ~~ten~~ fifteen percent limitation established herein is not exceeded. All interest earned on the Fund shall be part thereof; however, if the Fund’s balance exceeds the limitation, the amount in excess of the limitation shall be paid into the general fund after appropriation by the General Assembly.

The General Assembly may appropriate an amount for transfer from the Fund to compensate for no more than one-half of the difference between the total general fund revenues appropriated and a revised general fund revenue forecast presented to the General Assembly prior to or during a subsequent regular or special legislative session. However, no transfer shall be made unless the general fund revenues appropriated exceed such revised general fund revenue forecast by more than two percent of certified tax revenues collected in the most recently ended fiscal year. Furthermore, no appropriation or transfer from such fund in any fiscal year shall exceed more than one-half of the balance of the Revenue Stabilization Fund. The General Assembly may enact such laws as may be necessary and appropriate to implement the Fund.